

Honolulu, Hawaii

MAY 01 2015

RE: S.B. No. 359  
S.D. 1  
H.D. 1  
C.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 359, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE ENVIRONMENTAL RESPONSE, ENERGY, AND FOOD SECURITY TAX,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Specify that allocations of environmental response, energy, and food security tax revenues to the environmental response revolving fund shall cease after June 30, 2015;
- (2) Make permanent the agricultural development and food security special fund and repealing the June 30, 2030, lapse date of unexpended or unencumbered monies in the fund;



- (3) Make permanent the amendments made under Act 73, Session Laws of Hawaii 2010, to the environmental response revolving fund; the energy security special fund; and the environmental response, energy, and food security tax; and
- (4) Appropriate funds for environmental programs and natural resource programs formerly supported by the allocation of environmental response, energy, and food security tax revenues to the environmental response revolving fund.

Your Committee on Conference finds that the State is precariously dependent on imported food and energy. The environmental response, energy, and food security tax, also known as the barrel tax, is a vital revenue source that supports critical investments and initiatives in clean energy, local agricultural production, and environmental response. The implementation of this measure will ensure ongoing funding for environmental projects, reduce the State's dependence on imported fossil fuels, and further the State's goals of food and energy self-reliance.

Your Committee on Conference has amended this measure by:

- (1) Inserting language to amend the definition of "distributor" as used in the fuel tax law to include fossil fuel;
- (2) Deleting language specifying that allocations of environmental response, energy, and food security tax revenues to the environmental response revolving fund shall cease after June 30, 2015;
- (3) Requiring the environmental response, energy, and food security tax to be additionally imposed on fossil fuels sold by a distributor to any retail dealer or end user, other than a refiner, of fossil fuel, to be paid by the distributor of the fossil fuel;
- (4) Specifying various allocations of environmental response, energy, and food security tax revenues from fossil fuel distributors to be deposited into the environmental response revolving fund, energy security special fund, energy systems development special fund, and agricultural development and food security special fund;



- (5) Specifying that the environmental response, energy, and food security tax on fossil fuels does not apply to coal in certain situations;
- (6) Authorizing gas utilities to recover the cost of the environmental response, energy, and food security tax imposed on fossil fuels as part of its fuel cost in its fuel adjustment charge without further approval by the Public Utilities Commission;
- (7) Making conforming amendments related to the environmental response, energy, and food security tax imposed on fossil fuels;
- (8) Defining "barrel" and "fossil fuel";
- (9) Deleting the appropriations;
- (10) Clarifying the purposes for which the environmental response revolving fund may be used;
- (11) Requiring monies in the environmental response revolving fund in excess of \$1,250,000 on June 30 of each fiscal year be transferred into the general fund;
- (12) Repealing the requirement that certain positions be funded by the environmental response revolving fund;
- (13) Requiring the Director of Health to report to the Legislature actual and planned expenditures from, amounts in, revenues into, unexpended encumbrances reserve of, and transfers from the environmental response revolving fund;
- (14) Amending the purpose of this measure accordingly; and
- (15) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 359, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 359, S.D. 1, H.D. 1, C.D. 1.

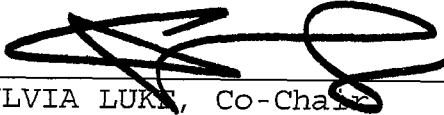


Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

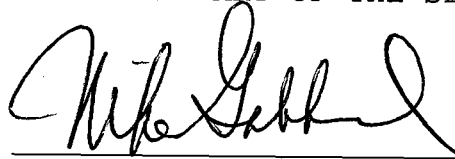


CHRIS LEE, Co-Chair

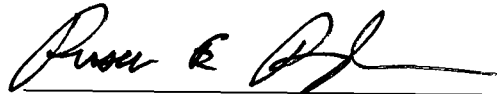


SYLVIA LUKE, Co-Chair

ON THE PART OF THE SENATE



MIKE GABBARD, Chair



RUSSELL E. RUDERMAN, Co-Chair



JILL N. TOKUDA, Co-Chair



CCR136

Bill / Concurrent Resolution No.:  
**SB 359, SD 1, HD 1**

Date/Time: 5-1-15 11:12 AM.

☐ The Committee is reconsidering its previous decision.

☐ The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
GABBARD, Mike, Chr.	✓				LEE, Chris, Co-Chr.	✓			
RUDERMAN, Russell E., Co-Chr.	✓				LUKE, Sylvia, Co-Chr.	✓			
TOKUDA, Jill N., Co-Chr.	✓				TSUJI, Clift	✓			
KOUCHI, Ronald D.				✓	THIELEN, Cynthia	✓			
THIELEN, Laura H.	✓								
TOTAL	4	-	-	1	TOTAL	4	-	-	-

**E = Excused**

☒ Adopted      ☐ Not Adopted

House Lead Chair's or Designee's Signature:

*Drafting Agency*